



State of North Carolina

Utilities Commission

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March 20, 2012

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Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th St., SW
Washington, DC 20554

RE: WC Docket No.: 12-23
WC Docket No.: 11-42
WC Docket No.: 03-109
CC Docket No.: 96-45

Dear Ms. Dortch:

The North Carolina Utilities Commission (NCUC) respectfully submits these comments in response to the Public Notice (Notice) issued by the Federal Communications Commission (FCC) on March 9, 2012 in the above captioned dockets. The Notice was issued in response to a Petition for Waiver and Clarification (Petition).¹

By statute, the General Assembly of the State of North Carolina has conferred broad powers upon the NCUC to regulate public utilities and compel their operation in accordance with the policies of this State. Pursuant to this authority and in accordance with appropriate federal statutes and regulations, this Commission regulates the provision of telecommunications services to the citizens of this State. Many of these telecommunication service providers are local exchange companies (LECs) that provide Lifeline and Link-Up services to consumers throughout the state. Currently, Lifeline consumers in North Carolina receive a monthly credit of up to \$13.50 and some LECs receive up to \$10.00 in monthly federal Universal Service Fund reimbursement and \$3.50 in state tax credits.

¹ Petition for Waiver and Clarification of the United States Telecom Association, the Independent Telephone and Telecommunications Alliance, the National Telecommunications Cooperative Association, the Organization for the Promotion and Advancement of Small Telecommunications Companies, the Western Telecommunications Alliance, and the Eastern Rural Telecom Association, WC Dkt. Nos. 11-42 *et al.* CC Dkt. No. 95-45 (filed March 9, 2012).

The FCC's order reforming the Lifeline and Link-Up programs adopted major changes to the Lifeline and Link-Up programs. According to the North Carolina Telecommunications Industry Association (NCTIA), a trade association comprised of local exchange companies providing telecommunications and broadband services to consumers in North Carolina, two changes in particular, i.e., the change in the federal Lifeline amount from \$10.00 or less to \$9.25 or less and Link-Up from \$30.00 to zero will result in price increases for North Carolina Lifeline consumers. According to NCTIA, as of August 31, 2011, more than 136,000 consumers received Lifeline benefits in this State. Any rate increase will directly impact these consumers in North Carolina. Moreover, because of the Rules that the NCUC has adopted and the orders that the NCUC has issued governing rates of the regulated LECs, many LECs that participate in those programs would be required to provide advance notice to consumers before implementing rate increases.

Also, according to NCTIA, the Lifeline changes in particular are a major concern because NCTIA member companies vary in size and billing practices. As a result, some smaller companies may have one bill cycle per month and others may have multiple bill cycles. For some of these companies, local services, including Lifeline, are billed to consumers in advance. Thus, many Lifeline consumers have already been billed for services into April, receiving the current credit of up to \$13.50, which would prevent NCTIA members from providing the required advance notice of a price increase to consumers. Furthermore, consumers already billed a credit for service in April would receive a retroactive rate increase adjustment on their next bill, causing confusion and anger.

According to NCTIA, the problems that it has identified could be eliminated or diminished by delaying the effective date for Lifeline and Link-Up rate changes from April 2, 2012, until October 1, 2012, when new marketing materials are required to be available. Such a delay would benefit consumers and allow social service agencies and NCTIA members adequate time to print new materials, file tariffs, train employees, educate consumers, and implement billing changes with minimal consumer frustration.

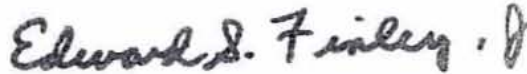
The NCUC also notes that the sentiments expressed by NCTIA were echoed in a letter of March 16, 2012, to the NCUC by the Lifeline/Link-Up Task Force. In that letter, the Chair of the Task Force, Buck Moyer, sought the NCUC's support in requesting a delay in the effective date of the changes mandated in this docket. Mr. Moyer noted that it will be difficult by the FCC's April 2, 2012 deadline: (1) to implement the interim flat rate reimbursement amount of \$9.25 in place of the current tiered reimbursement structure; (2) to eliminate the Link-Up discount on non-tribal lands; and, (3) to implement changes to the Link-Up discount on Tribal lands. According to Mr. Moyer, the telephone companies report that there will not be enough time for them to make the required billing system changes, revise company policies, train employees, prepare and file tariffs, and provide notification of these changes to the impacted customers.

Secretary Marlene H. Dortch
March 20, 2012
Page 3

The NCUC has no reason to dispute the assessments of the Task Force or NCTIA.

For these reasons, the NCUC supports the Petition and encourages the FCC to delay the effective date of Lifeline and Link-Up rate changes to October 1, 2012.

Respectfully submitted,

A handwritten signature in dark ink, reading "Edward S. Finley, Jr." with a stylized flourish at the end.

Edward S. Finley, Jr.
Chairman

LH/kc